

Business Plan 2021 update & Next Steps

Business Desk | 7 May 2021

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What will be covered?

Key things you will learn from this session:

1. Update on the Horizon Europe programme and the status Business Plan 2021 assessment process
2. When you can expect to receive documentation to start the next stage of the process

For the Business Plan 2021 Process:

- Overview of what to expect in the **Project Update Letter** (Pre-CL), including:
 - Grant Monitoring exercise (KAVA Review)* Applies only to KAVAs (i.e. one-project-one-KAVAs – not programme projects)
 - Information for signing the Model Grant Agreement Accession Form & Declaration of Honour form
 - Opportunity to update Project/KAVA (pre-Amendment changes & EIT feedback)
 - Task Confirmation Letter (signing)

This is a follow up from the three sessions held in mid-February – we will only lightly address by way of update the key topics in order to focus on next steps to Task Confirmation Letters

See Partner Information page for slides and recording of the February information and Q&A sessions

Horizon Europe & Business Plan 2021: Update

Parallel process in 2021:

Transition to new Horizon Europe legal framework and Business Planning review process

- Horizon Europe: Signature of Partnership Agreement with KIC through May (to be signed before EIT regulation published)
- Finalisation of Grant Agreements and KIC Business Plans: in May BUT KIC Grant Agreements can be signed only after publication of EIT regulation (tentatively in May/early June)

Status of EIT Climate-KICs Business Plan in the overall process:

- Results of EIT external expert assessment of BP2021 KAVAs expected today (May 7th)
- Questions and clarifications shared with partners, as relevant (details in upcoming slides)
- Final submission of EIT Climate-KIC Business Plan required by May 21st

Contractual changes: new funding framework

H2020	Horizon Europe	Key Function	Functional Changes
Framework Partnership Agreement	Partnership Agreement	General terms and conditions under which a KIC must operate as an Institutionalised European Partnership	<ul style="list-style-type: none"> ▪ KICs sign partnership agreement with EIT. ▪ Partners do not accede to Partnership Agreement however core provisions will be passed through ▪ Emphasis on Good Governance principles - reflecting operational changes and implementation of Cascading funding model in 2022
Specific Grant Agreement	Model Grant Agreement	Includes all the grant management related matters- very similar to those of Horizon 2020.	<ul style="list-style-type: none"> ▪ Partners to accede to MGA in 2021 ▪ Likely not to accede in 2022 with shift to cascade funding model = partners to become 'sub-grantees' akin to recipients of financial support ▪ Multi-annual grant cycle (3 years) ▪ Process for affiliates, new Linked Third parties, to be confirmed
Community Agreement (Service Agreement)	Community Agreement (Service Agreement)	Sets out how Community Members and EIT Climate-KIC work together; on liability, data protection, intellectual property fees	<ul style="list-style-type: none"> ▪ Will remain as-is for 2021 for services provided e.g. reporting and transfer of balancing payment ▪ Internal agreements to be overhauled by 2022 in conjunction with implementation of cascade funding model

Transition in 2021: What to expect

- Partner to accede to the new MGA (Accession Form). Process for Affiliate Entities (formerly referred to as linked third parties) to be confirmed – but understand that Affiliate Entities will receive an Annex 3a Declaration on joint and several liability and a new EIT DoH (additional details are being confirmed with EIT)
- Processes largely the same as current procedures
- Task Confirmation Letters (to include updates to reflect Horizon Europe)
- Amendment and Reporting cycle

Transition Measures in place for 2021: see Article 22 of the Partnership Agreement

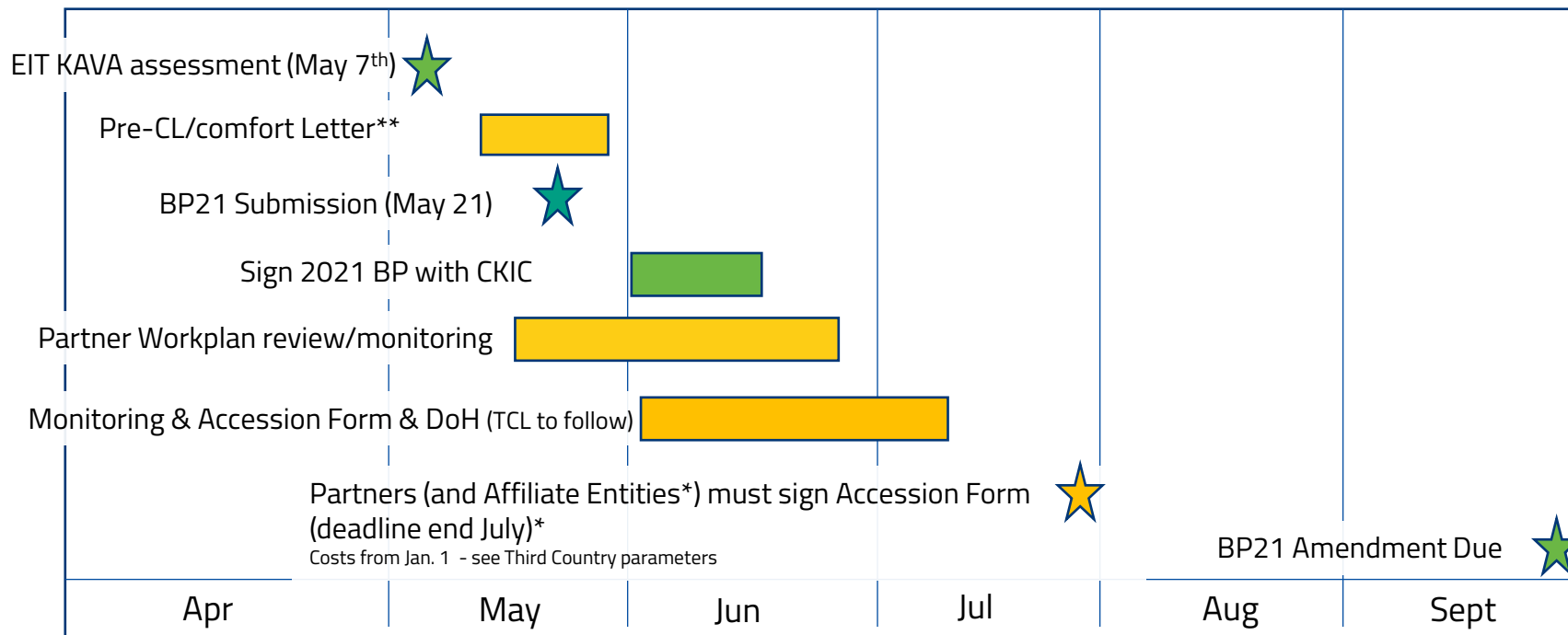
- Concerning 'good governance' principles to be included in internal agreements (ie openness and transparency)
- No change in technical liability in 2021 for beneficiaries that accede to MGA
- Please refer to the Explanatory Note and other documents that have been shared previously – contact the Community Desk if you have specific questions after today's presentation

Third Country Update: to associate to Horizon Europe

- **Eligibility Requirements:** Third Countries must enter into an Association Agreement and financially contribute to the programme to be eligible
 - **United Kingdom:** will remain eligible for EIT funding in 2021 once association process is complete. **Other third countries, such as Switzerland, Israel, Western Balkan countries and Turkey,** are expected to re-associate to Horizon Europe - subject to entering into Association Agreements before 31 December 2021.
 - **Norway, Iceland and Liechtenstein** are expected to be associated to Horizon Europe, however, not with retroactive effect therefore only be able to claim eligible costs from the EIT from the date their respective country becomes formally recognised as an associated country to Horizon Europe.
- **BP2021 Impact:** 27 partners/6 different countries (Bosnia and Herzegovina; Macedonia, Serbia, UK, Switzerland, Norway)
- **Implications: Partner Risk**
 - If Association is not achieved prior to Amendment, the 3rd Country partner will be written out **or** risk assessed by EIT Climate-KIC against the likelihood of association being achieved at end of Q3.
 - Partners in non-associated country are not eligible for EIT funding and will be at risk for all costs incurred. TCL to be issued once Association is in place.
 - Consortium members to be informed of risk by partner as amending out may impact consortium/KAVA ability to meet the KAVA deliverables requirements.

BP Process: EIT Review & Partner contracting

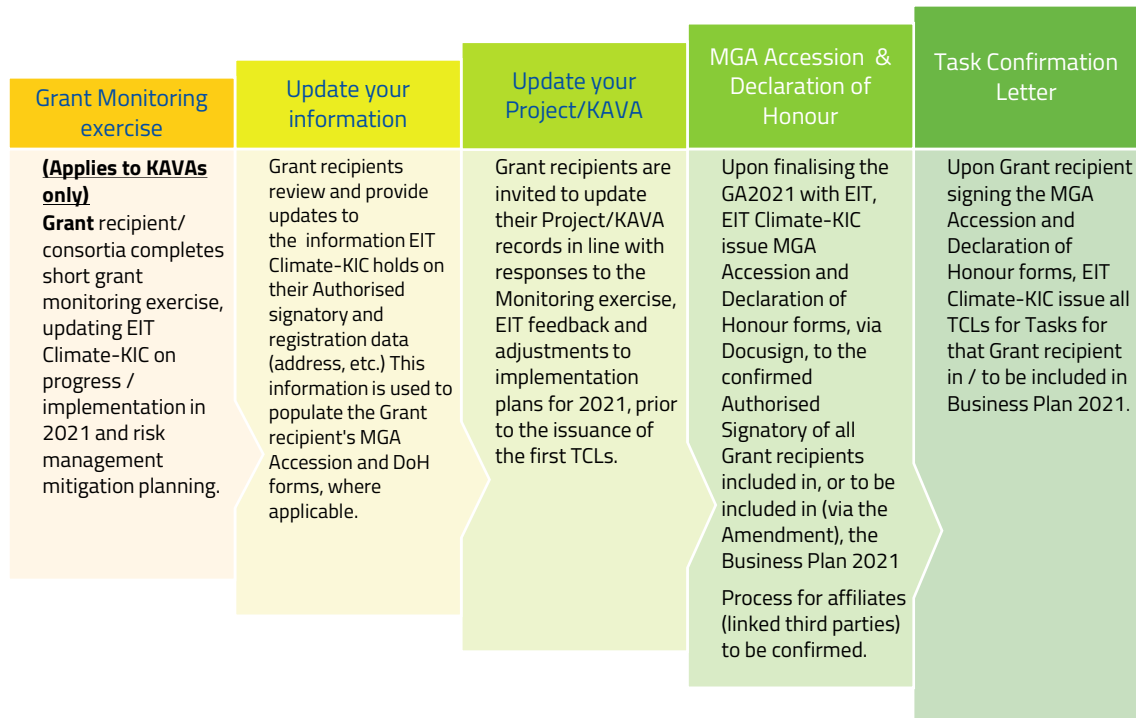
 EIT BP Review
  Partner TCL/MGA process



Short Pause

Questions?

Pre-CL: comfort letter before the TCL



Grant Monitoring (BP21-Named activities)

The intention of this short monitoring exercise is to:

- provide an update to EIT Climate-KIC on progress to date with respect to targeted Outputs and KPIs;
- inform EIT Climate-KIC of any substantive changes to the implementation of KAVAs/Projects in 2021 as a result of delays in starting, the on-going impact of the Covid pandemic, and/or any other mitigating circumstances;
- provide an update to your KAVA/Project's overall risk management and mitigation planning.


This exercise will be completed in Plaza and need only be completed once per KAVA/Project.

Programme Tasks (such as Journey, Accelerator, etc.) will not undertake this specific exercise – however may be required to undertake a separate process by the Climate-KIC Programme team.



Grant Monitoring (BP21-Named activities)

The **Project Leader** will receive a Progress Report to "Submit" via their To Do List on their Plaza homepage.

MY TO-DO LIST		
View	Module	Action
	<input type="text"/>	<input type="text"/>
	PROGRESS REPORTS	SUBMIT

Once submitted, it will appear in the Task Manager's To Do List ("Approve"). There are two items for the Task Manager to complete:

1. Outcome

Green = On track or very minor issues but confident to fix/ manage
Amber = Some concerns and issues which are expected to be solved
Red = Major Risks

2. Review feedback, which will include any required changes, suggestions, recommendations, etc., commensurate with the outcome.

Finally, the **Project Leader** will receive a last To Do List item ("Consolidate") in which you will be able to see the feedback and outcome from the Task Manager – we would recommend to discuss the outcome and requested changes, where applicable. You may actively "consolidate" the Progress Report when this process is concluded - I.e. when the TCL is issued.

Grant Monitoring (BP21-Named activities)

- Please do read the instructions and **help notes** carefully.

- Progress Report name: **QPR21-1**

- Questions included:
 - (**Where applicable**) Please identify RIS and KTI connectivity and impact (respond to each separately).
 - Horizon scanning: Please elaborate on any identified opportunities regarding ecosystem development, funding pipeline, etc
 - Progress to date / work implemented [*Headlines* – narrative; (%) - dropdown]
 - Outputs & KPIs progress [(%) *Current & Projected* - dropdown; *Comment (if required)* – narrative]
 - Risk Management - interim update of overall risk management and mitigation

Grant Monitoring (BP21-Named activities)

Using Plaza:

- The Task Manager may use “Send back for modification” if they wish for you to update the monitoring report, provide more information, or correct something that they, have spotted as being incorrect/incomplete.
- Likewise, the Project Leader may use “Send back for modification” at the **Consolidate** stage if, following discussions/clarifications with the Task Manager, the outcome and feedback needs to be updated.
- In the instance that the KAVA review outcome is **Red**, this implies significant changes or even the discontinuing of the KAVA in the Business Plan. In this instance, a bespoke action plan (to be reviewed at a future Stage Gate) will need to be developed to bring the KAVA back on course, or a plan for bringing the KAVA to a close in 2021.

Green	= On track or very minor issues but confident to fix/ manage
Amber	= Some concerns and issues which are expected to be solved
Red	= Major Risks

EIT Evaluation (7 May 2021)

Today we are expecting evaluation feedback from the EIT on the last submission of the BP21 (April).

As ever, the evaluation will consist of:

- Red, Amber, White, Green rating
- Feedback / comments

EIT have indicated that:

- Red KAVAs will need to be removed from the Business Plan.
- Amber KAVAs will be "approved but with conditions" – to be addressed in/by the Amendment
- Unlike previous rounds of Q&A, EIT will focus on "conclusions and conditions" rather than questions, to remove the need for another round of evaluation from experts, as a result of questions.

Note: KAVAs kept in at "Amber" is at the Partner/consortia's risk, requiring them to satisfactorily meet the noted conditions in/by the Amendment.

“Update your information” (MGA; DoH)

In 2021, Partners are required to accede to the MGA (following EIT/Climate-KIC signing it) –you will be sent the MGA and a Declaration of Honour (in most cases) to sign – the TCL cannot be issued until this has been done.

- Partners will be asked to review the information we hold for them and inform the Community Desk of any required changes **before** the MGA can be issued (a deadline is given)
 - **Organisation name**
 - **Organisation address**
 - **Organisation’s Authorised Signatory (for signing MGA)**
 - **Participant Identification Code (PIC)**

Please note: the MGA need only be signed once by a Partner – not once per Pre-CL (which are issued at the Project/KAVA level)

We will confirm the steps for affiliates in due course as we understand a number of partners have costs running through related entities



“Update your Project/KAVA” (Pre-Amendment-Amendment)

As a result of either the Monitoring exercise (and in consultation with the Task Manager), natural deviations in implementation plans to reality, and/or EIT feedback following evaluation, Partners are asked to update their Project/KAVA. The Pre-CL will contain:

- EIT & co-funding numbers to be included in their TCL;
- EIT feedback on the KAVA/Project where applicable
- Annex 1: Proposal as it currently stands in Plaza

Plaza records will be unlocked for changes: Partners should discuss these changes with their Task Manager, especially where required following Monitoring and/or EIT feedback, and agree a process and timeline for implementing changes.



“Update your Project/KAVA” (Pre-Amendment-Amendment)

As ever, there are some changes that should not be made at this stage:

- Removal of KPIs, reducing KAVA ambition;
- Increase of overall project/KAVA EIT contribution
- Reduction of overall project/KAVA co-funding, without commensurate EIT reduction (i.e. should not increase reimbursement rate)
- Broadly, changing scope of KAVA as to be effectively a new project (the original grant application is signed on the basis of original plans for outcomes and impact, and these should be retained as far as possible/practical)

Deadline: no later than **16 June** (though preferably earlier, so we can issue TCLs)



MGA Accession & Declaration of Honour

When, and only when, EIT and Climate-KIC sign the MGA/ BP2021:

- The **MGA Accession** form will be sent to the Grant recipient **AUTHORISED SIGNATORY** via DocuSign.
- Completion of the signature process is the gateway to the issuance of TCLs thereafter*, at a Grant recipient level.
- Without a signed MGA Accession form (and DoH where applicable), TCLs cannot be issued by EIT Climate-KIC, as the Grant recipient would remain technically ineligible under the Business Plan / GA 2021.
- The Authorised Signatory will receive both the MGA Accession form and DoH in a single DocuSign envelope.
- **Note: the process for onboarding Affiliate Entities (ie. the new term for Linked Third Parties) to be confirmed but assume similar process as now**
- ***This excludes those in not yet associated Third Countries – noting our understanding is country association will be at the per entity level (so if partner is in associated country and affiliate is not, the affiliate costs will not be included)**



MGA Accession & Declaration of Honour – Eligibility & Third Countries

For Organisations *not* based in pending-Associate Countries

Signing the MGA and DoH before end-31 July 2021 will ensure that Grant recipient costs in 2021 will be eligible from 1 January 2021.

MGA Accession *after* 31 July 2021 would mean costs are only eligible from the date of signature (i.e. 1 August 2021) rather than be back-dated to 1 January 2021/

The above is for beneficiaries (previously known as KIC Partners), the process for affiliates (prior Linked Third Parties) to be confirmed. Current understanding is that association is per entity (i.e. if KIC partner in associated country and affiliate is not, the affiliate will be treated as not associated)

For Organisations that *are* based in pending-Associate Countries

In the event that the associating country in which the Grant recipient is based **does** associate with the Horizon Europe framework in 2021, and subject to the terms and conditions in the respective Association Agreements, signing the MGA and DoH before end-31 July 2021 will ensure that Grant recipient costs in 2021 will be eligible from 1 January 2021*.

In the event that the associating country **does not** associate with Horizon Europe in 2021, then the Grant recipient's accession to the MGA (and signing of the DoH) will not come into force, and costs will be ineligible in 2021. Please note: this is the Grant recipient's own risk.

***Please be aware** that Norway, Iceland and Lichtenstein will be associated to Horizon Europe, however, not with retroactive effect but with the date of entry into force of Protocol 31 of the EU-EEA Agreement. Entities emanating from Norway, Iceland and Liechtenstein will therefore only be able to claim eligible costs from the EIT from the date their respective country becomes formally recognised as an associated country to Horizon Europe.

Task Confirmation Letter

- Task Confirmation Letters will be issued by EIT Climate-KIC via Adobe DocuSign.
- **NEW:** EIT Climate-KIC will counter-sign the TCL at the end of the workflow process, following the eligible Grant recipient's own signing.
- MGA Accession form – including, where applicable, the DoH and (for Affiliated Entities) the Joint and Several Liability form – is the gateway for all TCLs for that organisation.
- At this stage, KAVAs/Projects will already have undertaken the Grant Monitoring exercise and made relevant changes to their project plans/data, so that the TCL reflects the latest project/KAVA planning and which can be included in the Business Plan Amendment without requiring further TCLs/Task Change Requests.
- That being said, a limited number of changes will be considered for the Amendment, where such changes materially impact the KAVA, compliance and/or eligibility criteria, and/or subsequent reporting and implementation against the Business Plan. These will need to be considered on a case by case basis – please discuss any anticipated changes with your Task Manager.
- The intention is to issue just one TCL, where possible, for GA 2021 – this will save both time and effort for Grant recipients and EIT Climate-KIC alike.



Change Requests (Actual Amendment)

By and large we wish to avoid minor project/KAVA changes in the lead-up to the Amendment – especially where there is no material impact on the Business Plan data, or where they reflect natural/tolerable deviations to be Reported.

However, will consider changes on an exceptional basis, where not making the change would have a material impact on Reporting that could introduce risks of underspend, underperformance, etc.

Some changes might be:

- Introduction of a new consortium Partner / removal of exiting consortium Partner
- Introduction of new work packages, outputs, deliverables and budget, where greater co-funding and project outcomes (2021) can be achieved
- Adding KPIs to strengthen Business Plan and KAVA ambition.
- Addition/amendment of subcontracts/subgrants, where eligible

Please discuss any anticipated changes with your Task Manager first, who will work with internal teams to evaluate the need for change.



Pre-Financing: limited in 2021

Pre-financing is limited in 2021: subject to EIT pre-financing to EIT Climate-KIC

Priority areas:

- Accelerator Start-Up programme
- Programme sub-granting



Short Pause

Questions?

Intellectual Property & Exploitation (Horizon Europe)

As included in the Pre-CL:

- Please be reminded that EIT funding falls under the Horizon Europe programme which includes default IP arrangements for projects and innovation activities that beneficiaries and recipients of financial support must comply with. These are covered in:
 - The Horizon Europe Model Grant Agreement (MGA) at Article 16, 17 and Annex 5
 - The Horizon Europe Regulation at Articles 38-42
 - EIT KIC Partnership Agreement (PA) at Article 7.2 (e) and 7.3
- Organisations acceding to the Grant Agreement explicitly accept the provisions contained therein. EIT Climate-KIC will cascade some of these IP requirements to organisations receiving the EIT grant via the TCL, unless alternative arrangements are made with the respective party/ies in accordance with the relevant provisions in the MGA.
- Please note that Horizon Europe includes an obligation for organisations in receipt of the EIT grant to exploit project results after conclusion of the project or activity. In particular, beneficiaries must up to four years after the end of the action use their best efforts to exploit the results or have them exploited by another entity through transfer or licensing. If no exploitation takes place within one year after the end of the action, the beneficiaries must use the Horizon Results Platform to find interested parties to exploit the results.



BP 2021 - methodology

- Quality review by KIC LE before re-submissions to EIT, both at portfolio and KAVA level
- Focus on a limited number of critical issues both by EIT and KICs
- Eliminating numerous iterations with many open issues, EIT (with support from external experts and EIT officers) to formulate conclusions and conditions (if necessary) instead of questions
- Colour coding for second EIT Requirements letter (also for Commercialization Strategy):
 - ✓ Red: to be removed
 - ✓ Orange: approved but with conditions
 - ✓ White, green: approved, no further questions
- It is the responsibility of the KIC to keep in or remove KAVAs and bear eventual consequences
- Scenario 2 - 2nd Clarification meetings after the 2nd EIT Requirements letter (by 16 April)

